

Report of the Directors 董事會報告書

The Directors are pleased to present their annual report together with the audited financial statements of the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the import and distribution of cement in Hong Kong, the manufacture and distribution of cement and slag powder in other areas of the People's Republic of China ("Mainland China") and the provision of cement handling services in the Philippines. Through its associates, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong, Mainland China and Brunei. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 59.

DIVIDEND

An interim dividend of HK1.5 cents per share, amounting to HK\$11,594,000, was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK1 cent per share to the shareholders on the register of members on 23 May 2006, estimated to be HK\$7,729,000. This recommendation has been incorporated in the consolidated financial statements as an allocation of share premium as set out in the consolidated statement of changes in equity on page 62.

董事謹此欣然呈報董事會報告書，以及本公司及本集團截至二零零五年十二月三十一日止年度之經審核財務報表。

主要業務

本集團之主要業務包括在香港經營水泥進口及分銷業務，在中華人民共和國其他地方（「中國大陸」）經營水泥及礦渣粉製造及分銷業務，以及在菲律賓提供水泥處理服務。本集團亦透過其聯營公司在香港、中國大陸及文萊從事生產及分銷預拌混凝土。本集團於本年度之主要業務性質並無任何重大變動。

業績

本集團截至二零零五年十二月三十一日止年度之業績載於第59頁之綜合收益表。

股息

年內已向股東派付中期股息每股普通股1.5港仙，總額為11,594,000港元。董事建議就本年度向於二零零六年五月二十三日名列股東名冊之股東派付末期股息每股普通股1港仙，估計總額為7,729,000港元。此項建議已作為第62頁綜合權益變動表項下之股份溢價分配計入財務報表。

Report of the Directors 董事會報告書

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

There was no movement in the Company's authorised and issued share capital during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 62.

At 31 December 2005, the Company's reserve, including the share premium and contributed surplus accounts, available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK\$947,660,000. Under the laws of the Cayman Islands, a company may make distributions to its members of the share premium and contributed surplus accounts under certain circumstances.

物業、廠房及設備

本集團於本年度之物業、廠房及設備變動詳情載於財務報表附註15。

股本

本公司於本年度之法定及已發行股本並無任何變動。

優先購股權

本公司之公司組織章程細則或開曼群島公司法並無載有本公司須按比例向現有股東發售新股份之優先購買權規定。

儲備

本集團於本年度之儲備變動詳情載於第62頁之綜合權益變動表。

於二零零五年十二月三十一日，本公司可供現金分派及／或實物分派之儲備（包括股份溢價及繳入盈餘賬），根據開曼群島公司法（二零零四年修訂本）計算，達947,660,000港元。根據開曼群島法例，在若干情況下，公司可動用股份溢價及繳入盈餘賬向股東作出分派。

Report of the Directors 董事會報告書

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

KOO Cheng Yun, Leslie (*Chairman*)

WU Yih Chin (*Managing Director*)

Non-executive Directors:

HUI-BON-HOA Khien Piau, Pierre

KAO Teh-Jung (appointed on 29 March 2006)

HSIAO Yin-Yi (appointed on 20 April 2005 and resigned on 28 February 2006)

CHIANG Cheng Hsiung (resigned on 1 January 2005)

CHEN Chi Hsiung (resigned on 1 January 2005)

Independent non-executive Directors:

LIAO Poon Huai, Donald

SHAN Weijian

CHUNG Kuohsien, David

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers that each of the independent non-executive directors is independent to the Company.

Article 99 of the Company's Articles of Association ("Articles") Mr. Kao Teh-Jung shall hold office until the Annual General Meeting and shall then be eligible for re-election.

Accounting to Articles 116 of the Company's Articles, Mr. Wu Yih Chin and Mr. Liao Poon Huai, Donald will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

董事

於本年度及直至本報告日期止任職本公司之董事如下：

執行董事：

辜成允 (董事長)

吳義欽 (董事總經理)

非執行董事：

黃慶杓

高德榮 (於二零零六年三月二十九日獲委任)

蕭英怡 (於二零零五年四月二十日獲委任及於二零零六年二月二十八日辭任)

江正雄 (於二零零五年一月一日辭任)

陳吉雄 (於二零零五年一月一日辭任)

獨立非執行董事：

廖本懷

單偉建

鍾國賢

根據香港聯合交易所有限公司(「聯交所」)證券上市規則第3.13條，本公司已取得所有獨立非執行董事之年度獨立確認書。本公司據此確認彼等皆與公司概無關連。

根據本公司之組織章程細則(「公司細則」)第99條，高德榮先生將留任至股東週年大會，屆時將合資格膺選連任。

根據本公司之公司細則第116條，吳義欽先生及廖本懷先生須輪流告退，惟彼等合資格且願意於即將召開之股東週年大會膺選連任。

Report of the Directors 董事會報告書

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 29 to 33 of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company, its holding companies, any of its fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company has maintained a share option scheme (the "Scheme") which became effective upon the listing of the Company's shares on the Stock Exchange on 5 October 1997 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

Details of the purpose of the Scheme, participants, basis of determination of subscription price of the options granted, maximum entitlement of each participant, total number of options that may be granted, acceptance of offer of a grant, vesting period and exercisable period are disclosed in note 28 to the financial statements.

No other share options have been granted, exercised, cancelled or lapsed in accordance with the terms of the Scheme during the year other than those disclosed in note 28 to the financial statements.

董事及高級管理層之履歷

本公司董事及本集團高級管理層之詳細履歷載於本年報第29至第33頁。

董事之服務合約

在即將召開之股東週年大會膺選連任之董事概無與本集團或其任何附屬公司訂立不可由本集團在一年內無須補償(法定補償除外)而予以終止之服務合約。

董事於合約之權益

董事於本年度內概無於本公司或其任何控股公司、同系附屬公司及附屬公司參與訂立本集團業務之重要合約中直接或間接擁有重大權益。

認股權計劃

本公司於一九九七年十月五日(即本公司股份首度開始在聯交所買賣當日)起,採用一項認股權計劃。除取消或更改外,於以上日期起十年內有效。

有關該計劃的目的、參與者、釐定授予認股權的認購價、每位參與者的最高上限、可授予的認股權數目、接納授予辦法、歸屬期以及行使期限的詳細資料已載於財務報表附註28。

除財務報表附註28所詳述外,根據該計劃之條款年內並無購股權獲授出、獲行使、註銷或到期。

Report of the Directors 董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2005, the Directors, Chief Executive or their associates had interests in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Long positions in ordinary shares of the Company

董事及行政總裁於證券之權益

於二零零五年十二月三十一日，根據本公司按證券及期貨條例（「證券及期貨條例」）第352條置存之登記冊所示，本公司之董事、行政總裁及其聯繫人士及其相聯法團之股份及相關股份之權益載列如下：

於本公司普通股之好倉

Name of director 董事姓名	Capacity and nature of interest 持有權益之身份及性質	Number of shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已發行股本之百分比
Koo Cheng Yun, Leslie 辜成允	Directly beneficially owned 直接實益擁有	1,700,000	0.22%
Wu Yih Chin 吳義欽	Directly beneficially owned 直接實益擁有	2,500,000	0.32%
Hui-Bon-Hoa Khien Piau, Pierre 黃慶杓	Directly beneficially owned 直接實益擁有	5,680,000	0.73%
Hui-Bon-Hoa Khien Piau, Pierre 黃慶杓	Through spouse or minor children 透過配偶或未成年子女	4,752,000	0.61%
		14,632,000	1.88%

The interest of the directors in the share options of the Company are separately disclosed in note 28 to the financial statements.

董事於本公司購股權之權益另於財務報表附註28披露。

Report of the Directors 董事會報告書

**DIRECTORS' AND CHIEF EXECUTIVE'S
INTERESTS IN SECURITIES – CONTINUED**
Long positions in shares and underlying shares of
associated corporations

(i) Taiwan Cement Corporation ("TCC")*

**董事及行政總裁於證券之權益 –
續**

於相聯法團股份及相關股份之好倉

(i) 台灣水泥股份有限公司(「台泥」)*

Name of director	Number of shares held, capacity and nature of interest				Total	Percentage of the associated corporation's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation			
董事姓名	直接 實益擁有	透過配偶或 未成年子女	透過 受控制法團		總計	佔相聯法團 已發行股本 之百分比
Koo Cheng Yun, Leslie 辜成允	28,101,460	90 (Note 1) (附註1)	104,580,183 (Note 2) (附註2)		132,681,733	5.05%
Wu Yih Chin 吳義欽	273,811	–	–		273,811	0.01%
Liao Poon Huai, Donald 廖本懷	339,794	694,352 (Note 1) (附註1)	–		1,034,146	0.04%
					<u>133,989,690</u>	<u>5.1%</u>

* The ultimate holding company of the Company

* 本公司之最終控股公司

Notes:

附註:

(1) The shares are held by the respective directors' spouse as the registered and beneficial shareholder.

(1) 該等股份由有關董事之配偶(作為登記及實益股東)持有。

(2) Koo Cheng Yun, Leslie, together with his spouse, hold 44% of the issued capital of a company which holds 104,580,183 shares of TCC.

(2) 辜成允及其配偶擁有一間持有104,580,183股台泥股份之公司已發行股本之44%權益。

Report of the Directors 董事會報告書

(ii) Hong Kong Cement Manufacturing Company Limited (ii) 香港水泥有限公司****

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the associated corporations issued share capital
董事姓名	持有權益之身份及性質	所持股份數目	佔相聯法團已發行股本之百分比
Hui-Bon-Hoa Khien	Directly beneficially owned	710	1.58%
Piau, Pierre	Through spouse or minor children	593	1.32%
黃慶杓	直接實益擁有透過配偶或未成年子女		

(iii) Prosperity Dielectrics Company Limited (iii) 信昌電陶公司****

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the associated corporations issued share capital
董事姓名	持有權益之身份及性質	質所持股份數目	佔相聯法團已發行股本之百分比
Koo Cheng Yun, Leslie	Directly beneficially owned	1,040	-
辜成允	直接實益擁有		

** Subsidiaries of ultimate holding company of the Company.

** 本公司最終控股公司之附屬公司。

Report of the Directors 董事會報告書

Save as disclosed above, as at 31 December 2005, the Company has not been notified of any interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code or which were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein. Nor any of the Directors and the chief executive (including their spouses and children under the age of 18) had, as at 31 December 2005, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' and Chief Executive's interests in securities" above and in the share option scheme disclosures in note 28 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

除上文所披露者外，於二零零五年十二月三十一日本公司並未知悉任何本公司之董事、行政總裁或其聯繫人士或彼等各自之相聯法團（定義見證券及期貨條例第XV部）概無持有或根據證券及期貨條例第XV部被視為或當作持有任何權益及淡倉，而須根據證券及期貨條例第XV部或根據上市發行人董事進行證券交易之標準守則（「標準守則」）知會本公司及香港聯合交易所有限公司（「聯交所」），或須根據證券及期貨條例第352條而記入該條所提及之登記冊內。於二零零五年十二月三十一日，董事（包括其配偶及未滿18歲之子女）概無亦不曾獲授任何可認購本公司及其相聯法團（定義見證券及期貨條例）之證券及購股權之權益或權利，亦從未行使任何有關權利。

董事收購股份或債券之權利

除上文「董事及行政總裁於證券之權益」及綜合財務報表附註28之購股權計劃披露事項所披露外，本年度內本公司或其任何控股公司、同系附屬公司及附屬公司概無參與任何安排，致使本公司董事、彼等之配偶或未成年子女可藉購入本公司或任何其他公司之股份或債券而得益。

Report of the Directors 董事會報告書

SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 31 December 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

擁有須申報權益之股東

於二零零五年十二月三十一日，根據證券及期貨條例第336條本公司須設立之主要股東登記冊，下列股東已知會本公司，彼等擁有本公司已發行普通股本之有關權益。

Name 名稱	Capacity and nature of interest 持有權益之 身份及性質	Percentage of		Number of share options held 所持 購股權數目
		Number of ordinary shares held 所持 普通股數目	the Company's issued share capital 佔本公司 已發行股本 之百分比	
TCC International Limited	Directly beneficially owned 直持實益擁有	564,894,000	73.086%	–
TCC* 台泥*	Through a controlled corporation 透過受控制法團	564,894,000	73.086%	–

* TCC is interested in the shares of the Company by virtue of its beneficial ownership of the entire issued share capital of TCC International Limited.

* 台泥因實益擁有TCC International Limited全部已發行股本而擁有本公司股份之權益。

Save as disclosed above, as at 31 December 2005, no other person had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company or the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

除上述披露者，於二零零五年十二月三十一日，概無其他人士擁有按照證券及期貨條例第XV部中第2及3分部的規定須知會本公司及聯交所或須記錄於本公司根據證券及期貨條例第336條存備的登記冊的本公司的股份及相關股份的權益或淡倉。

Report of the Directors 董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's largest customer and its five largest customers accounted for approximately 13.3% and 34.6% of the Group's total sales revenue, respectively. Purchases from the Group's largest supplier and its five largest suppliers accounted for approximately 20.2% and 44.7% of the Group's total purchases, respectively.

Messrs. Koo Cheng Yun, Leslie, Wu Yih Chin and Liao Poon Huai, Donald, directors of the Company, had direct or indirect interest in TCC, the Group's largest supplier and the Company's ultimate holding company.

Apart from the above, none of the directors of the Company or any of their associates or any shareholders which, to the best knowledge of the directors, own more than 5% of the Company's share capital, had any interest in any of the Group's five largest customers and suppliers during the year.

RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

Related party transactions, which fall within the definition stipulated in the Hong Kong Accounting Standard 24 ("HKAS 24") "Related Party Disclosures", undertaken by the Group during the year are set out in note 33 to the consolidated financial statements. The transactions included in note 33 items (i) to (iii) to the consolidated financial statements also constitute continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

主要客戶及供應商

於回顧年度內，向本集團最大客戶及其五大客戶作出之銷售額分別佔本集團銷售收益總額約13.3%及34.6%。向本集團最大供應商及其五大供應商作出之採購額分別佔本集團總採購額約20.2%及44.7%。

本公司董事辜成允先生、吳義欽先生及廖本懷先生於本集團最大供應商及本公司最終控股公司台泥中擁有直接或間接權益。本集團之最大客戶為本集團之聯營公司。

除上文所述者外，本年度內，本公司董事或彼等任何聯繫人士或據董事所知擁有本公司已發行股本5%以上之任何股東，概無於本公司五大客戶及供應商中擁有任何權益。

關連人士及持續關連交易

本集團於本年度按照香港會計準則第24條（「香港會計準則第24條」）內「關連人士披露」訂明之定義進行之關連人士交易載列於綜合財務報表附註33。綜合財務報表附註33第(i)至(iii)項所載之交易亦同時構成香港聯合交易所有限公司上市規則（「上市規則」）第14A章所界定之持續關連交易。

Report of the Directors 董事會報告書

The directors have reviewed the following continuing connected transactions under which a conditional waiver from strict compliance with the continuing connected transaction requirements as set out in Chapter 14A of the Listing Rules has been obtained:

- (i) supply of cement and clinker by the Company's ultimate holding company;
- (ii) leasing of a site on Tsing Yi Island, Hong Kong, from a fellow subsidiary of the Company;
- (iii) leasing on a site in Tondo, Manila, the Philippines, from an associate of the Company's ultimate holding company;
- (iv) supply of logistic and unloading services from a fellow subsidiary of the Company;
- (v) sale of slag powders to a minority shareholder of a subsidiary;
- (vi) purchase of clinker from a minority shareholder of a subsidiary; and
- (vii) purchase of slag from a subsidiary of a minority shareholder of a subsidiary.

董事已對下列各項持續關連交易作出審核，該等持續關連交易已獲得條件豁免嚴格遵守上市規則第14A章所載有關持續關連交易之規定：

- (i) 由本公司之最終控股公司供應水泥及爐渣；
- (ii) 向本公司一間同系附屬公司租賃香港青衣島一塊地皮；
- (iii) 向本公司之最終控股公司的一間聯營公司租賃菲律賓馬尼拉Tondo一塊地皮；
- (iv) 由本公司一間同系附屬公司提供物流及卸貨服務；
- (v) 向附屬公司之少數股東銷售礦渣粉；
- (vi) 向附屬公司之少數股東購入爐渣；及
- (iv) 向附屬公司之少數股東之附屬公司購入水渣。

Report of the Directors 董事會報告書

The directors, including the independent non-executive directors, confirmed that these continuing connected transactions have been approved by the board of directors and, in their opinion, were:

- (a) conducted on normal commercial terms and in the ordinary and usual course of business of the Group;
- (b) fair and reasonable so far as the shareholders of the Company are concerned;
- (c) entered into either in accordance with the terms of the agreements governing such transactions or, where there are no such agreements, on terms that are no less favourable than those available to or from independent third parties;
- (d) within an annual limit of 80% of the audited consolidated turnover of the Group for the year in respect of the transaction stated in (i) above;
- (e) within an annual limit of HK\$5.5 million and HK\$4.0 million for the year in respect of the supply of logistic services and unloading services stated in (iv) above;
- (f) within an annual limit of the higher of HK\$10 million and 3% of the book value of the consolidated net tangible assets of the Group as disclosed in the latest published audited accounts in respect of the transaction stated in (v) above;
- (g) within an annual limit of HK\$200 million for the year in respect of the transaction stated in (vi) above; and
- (h) within an annual limit of HK\$15 million for the year in respect of the transaction stated in (vii) above.

Details of the continuing connected transactions set out in (i) to (iv) above, which also constitute related party transactions, are set out in note 33 to the financial statements.

董事（包括獨立非執行董事）確認該等持續關連交易經已獲董事會批准，並認為：

- (a) 在本集團日常及一般商業範圍內按正常商業條款訂立；
- (b) 對本公司股東而言屬公平合理；
- (c) 根據規管該等交易之協議之條款或（倘無任何該等安排）根據不遜於提供予或可從獨立第三者獲得之條款訂立；
- (d) 就上文(i)段所述之交易而言，每年涉及之款額以本集團經審核綜合營業額之80%為限；
- (e) 就上文(iv)段所述之交易而言，每年涉及之款額分別以5,500,000港元及4,000,000港元於物流及卸貨服務為限；
- (f) 就上文(v)段所述之交易而言，每年涉及之款額以10,000,000港元或本集團於最新公佈之經審核賬目內披露之綜合有形資產賬面淨值之3%（以較高者為準）為限；
- (g) 就上文(vi)段所述之交易而言，每年涉及之款額以200,000,000港元為限；及
- (h) 就上文(vii)段所述之交易而言，每年涉及之款額以15,000,000港元為限。

就上文(i)至(iv)段所述之持續關連交易，亦構成有關連人士交易，詳情載於財務報表附註33。

Report of the Directors 董事會報告書

Details of the continuing connected transactions set out in (v) to (vii) above are summarised below:

就上文(v)至(vii)段所述之持續關連交易之詳情概述如下:

		2005 HK\$'000 二零零五年 千港元	2004 HK\$'000 二零零四年 千港元
Sales of slag powder to a minority shareholder of the same subsidiary referred to in (v) above (note 1)	向上文第(v)段所述之同一附屬公司之少數股東銷售礦渣粉(附註1)	3,119	4,173
Purchase of clinker from a minority shareholder of the same subsidiary referred to in (vi) above (note 2)	向上文第(vi)段所述之同一附屬公司之少數股東購入爐渣(附註2)	45,831	-
Purchase of slag from a subsidiary of a minority shareholder of the same subsidiary referred to in (vii) above (note 2)	向上文第(vii)段所述之同一附屬公司之少數股東之附屬公司購入水渣(附註2)	1,363	-

Notes:

附註:

The above continuing connected transactions for the year ended 31 December 2005 did not exceed the annual limits as set out in (f) to (h) above. The transactions were entered into on terms no less favourable than those available from third parties.

上述截至二零零五年十二月三十一日止年度之持續關連交易，並無超過於上文(f)至(h)段所列出之年度上限。訂立該等交易之條款並不遜於第三方所提供之條款。

- (1) The basis of the pricing policies for the above continuing transaction is set out in greater details in circular to the shareholders of the Company dated 5 December 2003.
- (2) The basis of the price determination for the above continuing transactions is set out in greater details in circular to the shareholders of the Company dated 1 February 2005.

- (1) 上文之持續關連交易之定價政策基準已詳列於二零零三年十二月五日本集團致股東之通函內。
- (2) 上文之持續關連交易之定價政策基準已詳列於二零零五年二月一日本集團致股東之通函內。

Report of the Directors 董事會報告書

The board of directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the above connected transactions of the Group. The auditors have reported their factual findings on these procedures to the board of directors. The Independent Non-Executive Directors have reviewed the continuing connected transactions and the report of the auditors and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company.

Pursuant to a loan agreement dated 9 June 2005 between the Company and a bank relating to a one-year loan facility of HK\$40,000,000 and a loan agreement dated 25 July 2005 between the Company and a bank relating to a one-year loan facility of HK\$40,000,000, a termination event would arise if TCC, the Company's ultimate holding company, ceases to own beneficially, directly or indirectly, at least 51% of the shares in the Company's capital.

董事會已聘請本公司核數師就上述本集團之持續關連交易執行若干議定程序。核數師已向董事會匯報彼等執行該等程序所發現之確實結果。獨立非執行董事已審閱持續關連交易及核數師報告，並已確認交易乃由本公司在日常業務過程中進行，按一般商業條款訂立，符合規管該等交易之協議之公平合理條款，並符合本公司股東之整體利益。

購買、出售或贖回上市證券

本公司或其任何附屬公司概無於本年度內購買、出售或贖回本公司之任何上市證券。

根據上市規則第13.21條之規定作出披露

根據上市規則第13.21條之披露規定，以下披露由本公司簽訂之貸款協議中本公司控股股東須予履行的責任。

根據本公司與一間銀行在二零零五年六月九日訂立有關40,000,000港元之一年期循環貸款協議及本公司與一間銀行在二零零五年七月二十五日訂立有關40,000,000港元之一年期循環貸款協議，如台泥（即本公司的最終控股公司）終止實益持有（直接或間接）至少本公司51%股權，該貸款協議將被視為發生終止事件。

Report of the Directors 董事會報告書

Pursuant to a loan agreement dated 23 June 2005 between the Company and certain banks relating to a five-year term loan facility of HK\$500,000,000, a termination event would arise if (i) TCC ceases to own legally and beneficially, at least 51% of the shares in the Company's capital or (ii) the Group fails to meet the financial covenants stipulated in the loan facility.

Pursuant to a loan agreement dated 17 October 2005 between a subsidiary and a bank relating to a one-year loan facilities of HK\$20,000,000, a termination event would arise if the Company ceases to be a subsidiary of TCC.

CORPORATE GOVERNANCE

Principal corporate governance practice as adopted by the Company are set out in the Corporate Governance Report on pages 34.

EMOLUMENT POLICY

The emolument policy of the senior executives of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, Individual performance and comparable market statistics.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's audit committee and remuneration committee are set out in the Corporate Governance Report on pages 37 to 39.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

根據本公司與若干銀行在二零零五年六月二十三日訂立有關500,000,000港元之五年定期貸款協議，如(i)台泥終止合法及實益持有至少本公司51%股權或(ii)本集團不能符合該等貸款所指定之財務條款，該等貸款協議將被視為發生終止事件。

根據一間附屬公司與一間銀行在二零零五年十月十七日訂立有關20,000,000港元之一年期貸款協議，如該公司終止成為台泥之附屬公司，該等貸款協議將被視為發生終止事件。

企業管治

本公司實施之主要企業管治原則詳載於本年報第34頁企業管治報告內。

酬金政策

本集團之高級行政人員酬金政策由薪酬及提名委員會按僱員之表現、資格及能力而訂立。

本公司之董事酬金由薪酬委員會參照本公司之經營業績、個別表現及可供比較之市場統計數字釐定。

審核委員會及薪酬委員會

本公司之審核委員會及薪酬委員會詳情載於本年報第37至39頁企業管治報告內。

足夠公眾持股量

根據本公司所得之公開資料，並就董事所知，截至本報告日期，本公司符合上市規則之足夠公眾持股量規定，即本公司已發行股份不少於25%由公眾持有。

Report of the Directors 董事會報告書

FINANCIAL SUMMARY

A summary of the Group's results and its assets and liabilities for the past five years is set out on page 138.

AUDITORS

During the year, Messrs. Ernst & Young, who acted as auditors of the Company for the past three years, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messer. Deloitte Touche Tohmatsu as auditors of the Company.

By order of the Board

KOO Cheng Yun, Leslie

Chairman

Hong Kong

29 March 2006

財務摘要

本集團之最近五個財政年度的業績、資產及負債摘要載於第138頁。

核數師

本年度止三年擔任本公司核數師之安永會計師事務所辭任，而德勤•關黃陳方會計師行獲委任為本公司核數師。應屆股東週年大會上將提呈決議案，續聘德勤•關黃陳方會計師行為本公司之核數師。

承董事會命

董事長

辜成允

香港

二零零六年三月二十九日